

AM I READY TO RETIRE?

Before an individual can confidently answer that question, there are things to consider.

This booklet was designed as a resource for Idaho State employees to help you identify if you are personally and financially ready to retire and then, if you are ready, walk you through the steps to make it happen.



This brochure was prepared by the Idaho Department of Administration in conjunction with the Office of Group Insurance and the Public Employee Retirement System of Idaho, (PERSI), and is maintained and updated by PERSI.

WHAT IS YOUR RETIREMENT ‘VISION’?

Statistics show that individuals who have a plan or have set goals of what they want to do after they retire are much happier in their retirement years.

So, what is your vision? In other words, what does retirement look like to you? Some things to consider may include:

- Are my significant other and I on the same page about our retirement plans?
- Will we want to travel, spend more time with the grandchildren, downsize our home, etc.?
- Do we anticipate any large purchases or investments in the near or distant future such as a RV, investment or vacation property, etc.?
- Are there other circumstances such as providing care for aging parents or a disabled family member that need to be considered when putting a retirement plan in place?
- What will I do after I retire? What hobbies or other activities will I devote time to? Retirement is much more than just sleeping in. Having a plan about how you are going to spend your retirement years is important. Take the time to consider your future activities whether it's travel, volunteering, home remodel, or working on that 'Honey-do' list.

WHAT ABOUT HEALTH COVERAGE?

One of the most common concerns about deciding when to retire is continued health insurance coverage. Common questions include:

- How much will it cost?
- Will my current insurance continue or can I obtain other health insurance?
- What about Medicare?

Following is a quick overview of possible retiree insurance benefits. As everyone's situation is different we highly encourage you to contact the Office of Group Insurance.

Use of Sick Leave

If eligible, one half of your accrued sick leave, up to 600 hours, is assigned a dollar value based on your current hourly rate and can be used to help fund your group retiree medical coverage or a Medicare supplement. If you will be moving to your spouse's coverage upon retirement, you can defer your sick leave until such time your spouse retires and then have it applied to your medical coverage or supplemental coverage. If you elect this option remember to keep your final paystub as it will be needed when you elect to use your sick leave.

Retiree Medical Coverage

Eligible retirees under the age of 65 may elect group medical coverage for themselves and their eligible dependents and have the choice of Blue Cross of Idaho Traditional, PPO, or High Deductible plans. Prescription drug coverage is included in the medical coverage. There is no retiree dental plan but a COBRA election may be available. Vision coverage is not available. Plan details and contracts are posted on the Group Insurance website

<http://ogi.idaho.gov/retirees/>

Medicare Supplemental, Advantage or Part D

The Office of Group Insurance has agreements with four carriers for state retirees, age 65 and older, to use sick leave funds to pay premiums for Medicare Supplemental, Medicare Advantage and Medicare part D plans. Find more information at

http://ogi.idaho.gov/retirees/medicare_supplemental_options.html

Flexible Spending Accounts (FSA)

There is no retiree FSA plan but terminating employees may be eligible to continue their FSA medical reimbursement account on a post-tax contribution COBRA basis if their account balance exceeds their contributions when their employment ends.

Life Insurance Coverage

When employment terminates, Principal Basic Life and/or Voluntary Term Life coverages may be converted to individual policies. Benefits, provisions and costs may differ substantially from those available under the State's group plans.

CAN I AFFORD TO RETIRE?

You have worked long and hard and now it's time to consider how your budget strategy will support your retirement goals. Here are a few suggestions to help you work through the numbers:

- Obtain a retirement estimate from PERSI six (6) months ahead of retirement.
- Obtain an estimate from any other retirement accounts or income sources that you intend to draw from during retirement, including Social Security. Access PERSI Retirement Checklist at http://www.persi.idaho.gov/documents/Checklist_flyer.pdf
- Consider seeking advice from a financial advisor.

Once you have obtained your estimate from PERSI, and taking into consideration the previous questions regarding your retirement vision and your medical benefits, the following templates can assist you in calculating if you can afford to retire.

These templates cover three main areas:

1. Identifying your monthly expenses.
2. Calculating what your current 'employed' take home is after your monthly expenses.
3. Calculating what your retired take home would be after your monthly expenses.

Once you have completed these calculations you can then evaluate if the difference between your 'employed' take home and the 'retired' take home is significant and you must continue working or is minimal enough that you can afford to retire.

The following are examples of the completed templates. The electronic 'excel' version of these forms can be downloaded at <http://employee.idaho.gov/pdf/CanYouAffordtoRetireTemplates.xlsx>.

You enter the information and the templates will do the math for you.

CAN YOU AFFORD TO RETIRE?

Let's start with calculating your monthly expenses:

MONTHLY EXPENSES		
Housing	Mortgage/Rent	\$900.00
	Property Tax	\$0.00
	Property Insurance	\$20.00
	Power	\$130.00
	Gas	\$50.00
	Water	\$30.00
	Other Utilities	\$40.00
	Home maintenance/repair	\$0.00
	Cable/ Internet	\$145.00
	Phone	\$0.00
	Cell Phone	\$144.00
	Lawn Care	\$0.00
Transportation	Car Payment(s)	\$250.00
	Car Insurance	\$150.00
	Gas	\$100.00
	Vehicle Registration/License	\$25.00
Food	Groceries	\$500.00
	Other	\$0.00
Health	Additional Medical Insurance	\$0.00
	Other	\$0.00
Entertainment	Entertainment	\$100.00
	Travel	\$0.00
	Other	\$0.00
Other	Clothes	\$0.00
	Credit Card	\$600.00
	Hair Stylist/Barber	\$35.00
	Savings Account	\$200.00
	Gifts	\$50.00
	Charitable Contributions	\$0.00
	401(k) or other investment	\$300.00
	Other	\$0.00
	Other	\$0.00
Total Monthly Expenses		\$3,769.00

Did we miss anything? If so, just add the deduction in the "Other" category.

CURRENT "EMPLOYED" TAKE HOME				
Now let's calculate your current 'take home' as an "Employed" individual:				
Monthly Salary Calculation:		Hourly Rate	Hrs Workd Per Wk	Monthly Salary
		\$15.90	40	\$2,756.00
Other monthly income (spouses income, etc.)				\$3,080.00
Total Monthly Income				\$5,836.00
MONTHLY DEDUCTIONS	Deduction	Per Pay Check Amount	# of Pay Periods deducted each year	Total Monthly Ded.
	Retirement	\$86.37	26	\$187.14
	Health	\$59.50	24	\$119.00
	Social Security	\$86.33	26	\$187.05
	Idaho Tax	\$32.00	26	\$69.33
	Federal Tax	\$69.00	26	\$149.50
	Dental	\$19.12	24	\$38.24
	Supplemental Life Insurance	\$0.00	0	\$0.00
	Parking	\$35.00	12	\$35.00
	PERSI Choice	\$25.44	26	\$55.12
	FSA	\$65.00	26	\$140.83
	Other			\$0.00
	Other			\$0.00
Total Monthly Deductions				\$981.21
Total Monthly 'Employed' Take Home after deductions				\$4,854.79
Minus Monthly Expenses:				\$3,769.00
Monthly 'Employed' Balance after Expenses				\$1,085.79
ESTIMATED "RETIRED" MONTHLY INCOME				
Now we'll calculate your "Retired" balance after deductions and monthly expenses.				
PERSI	Base Monthly			\$1,500.00
	401k			\$22.00
Social Security	Monthly			\$0.00
Other	Other Income			\$3,080.00
Total Monthly Income				\$4,602.00
Taxes	Fed Tax			\$284.00
	State Tax			\$136.00
Retiree Health Care				\$700.00
Total Monthly Taxes and Deductions				\$1,120.00
Total Monthly 'Retired' Take Home Income after Taxes & Deductions				\$3,482.00
Minus Total Monthly Expenses				\$3,769.00
"Retired" Balance After Expenses				-\$287.00
Here's the Bottom Line				
Monthly 'Employed' Balance after Deductions and Expenses				\$1,085.79
Monthly 'Retired' Balance after Deductions and Expenses				-\$287.00
Is this monthly difference significant enough that you must continue to work? Or is the difference minimal enough to support your desire to retire?				

Calculating your monthly deductions, salary and taxes

Calculating your current monthly salary:

Enter your hourly rate and the formula will take that amount and calculate your monthly wage based on the number of hours you work a week.

Calculating current monthly deductions:

Some deductions are taken every pay period while some are only taken once a month or only on the first and second pay periods of the month. Enter the deduction, the pay period amount of the deduction and the number of deductions that are taken each year and then divide by 12 months.

Calculating Retired State and Federal taxes:

The amount you will be taxed on your monthly retirement check depends on if you are married or not and how many deductions you are claiming. The best calculator we have found is <http://www.paycheckcity.com/>

I STILL HAVE QUESTIONS

So you've considered your retirement vision, your health benefits and have run the numbers to see if you can afford to retire but you still have questions. The following resources can provide you with additional information and help you make the right choice:

PERSI persi.idaho.gov/education
1-800-451-8228 or 208-334-3365

PERSI Choice 401(k) 1-866-437-3774

Record Keeper 1-866-437-3774

Social Security ssa.gov
1-800-772-1213

Medicare medicare.gov
1-800-633-4227

Group Insurance ogi.idaho.gov
1-800-531-0597 or 208-332-1860

AARP aarp.org

EAP Guidanceresources.com
(This site has some very beneficial retirement information.)

I AM READY TO RETIRE.... Now what?

THE BASICS:

You may retire with full unreduced benefits when:

- You reach service retirement age, (age 65 for general employees and age 60 for police officers/firefighter employees) and have at least 60 months of credited PERSI service; **OR**
- You are at least age 55, have at least 60 months of credited PERSI service **AND** you meet the requirements of the Rule of 80/90. This is when your years of credited state service and your age equal 90 for general members or 80 for police officer/firefighters.

You may elect early retirement if you are at least age 55 (50 for police/fire) and have at least 60 months of PERSI credited service. If you retire before reaching service retirement age and do not meet the rule of 80/90, as listed above, your retirement benefit will be reduced.

RETIREMENT OPTIONS

- Regular Retirement Allowance, which provides a monthly benefit payable for your lifetime only.
- Contingent Annuitant, Option 1, which, after your death, provides your contingent annuitant, (CA), the same monthly amount you had been receiving for the remainder of your CA's life.
- Contingent Annuitant, Option 2, which, after your death, provides your CA one-half the monthly amount you had been receiving for the remainder of your CA's life.
- Social Security Adjustment, Option 3, provides your selected PERSI retirement plus a percentage of what your social security benefit will be at full retirement age until you reach Social Security Full Retirement Age, (SSFRA). Your PERSI benefit will then be reduced by the amount of the social security quote you provided PERSI at the time of retirement. To avoid unintended consequences, meet with PERSI to fully understand this option before selecting it.
- Option 4a and 4b, is a modification of Option 3. Option 4a reduces your monthly PERSI benefit, but upon your death, the same monthly payment, (or half with option 4b), that you were receiving now goes to your designated CA for the rest of his/her lifetime.

DON'T GET LOST IN THE PROCESS

Applying for retirement can be confusing. Here's an easy checklist to walk through the various steps and forms to make the transition easier:

- ☐ Obtain an updated Base Plan Benefits Estimate from PERSI six (6) months before planned retirement date.
- ☐ Schedule an information gathering meeting with a PERSI representative to discuss the various retirement options and the PERSI Retirement Packet. If married, bring your spouse.
- ☐ Schedule a meeting with the Office of Group Insurance to discuss your group retiree medical coverage options and to obtain a Retiree Insurance enrollment form. Also request a comparison of insurance rates between Retiree Medical Insurance and COBRA. (Please note that sick leave funds cannot be used to pay COBRA premiums.)
- ☐ Visit your local Social Security office to obtain an updated Personal Earnings and Benefit Estimate Statement which identifies your social security benefits at full retirement age and at an early retirement age. This information is needed when applying for retirement benefits through PERSI if you are considering PERSI retirement options 3, 4a or 4b. You can contact the Social Security Administration at 1-800-325-0778 or visit their website at <https://www.socialsecurity.gov/> to access other valuable information including information about when to start receiving social security benefits and Medicare and you can actually apply for benefits on line.
- ☐ Gather the necessary documents and information, such as:
 - Your Social Security Card
 - Your birth certificate
 - If married, your spouse's birth certificate and Social Security Card
 - Your military discharge papers if you had military service
 - Your W-2 for the last year

- If you have been divorced anytime while a PERSI member, you will need a copy of your divorce decree and property settlement agreement as your former spouse may be entitled to part of your PERSI benefit.
- An original voided check from your bank so your benefits can be directly deposited.



Two months prior to retirement complete and submit the following forms:

- PERSI Application for Retirement RS-121. This form is to select a retirement benefit and, if you wish, to name a Contingent Annuitant to receive a monthly allowance following your death. Signatures on this form must be notarized, which PERSI can assist with.
- Beneficiary Designation RS-115. If you recently had a life event change, (marriage, divorce, death, etc.) you may wish to name a new beneficiary.
- Office of Group Insurance Retiree Medical Insurance Enrollment form, which identifies your choice in health care coverage.
- Notify your employer of your intent to retire and the effective date.
- PERSI Direct Deposit Authorization RS-448
- Submit all forms to PERSI and Office of Group Insurance 45 days prior to your planned retirement date.



One month prior to retirement:

- Discuss or notify your employer how you wish to handle your vacation leave balance. Typically, you can:
 1. Cash out your vacation leave on your final paycheck with a possible higher deduction taken for taxes;
 2. Roll your vacation leave cash-out dollars to your 401(k) and withdraw from this account as early as age 59 ½; or
 3. If approved by your agency, exhaust your vacation leave leading up to your retirement.
- Remind your payroll clerk about your pending retirement and ensure your employer completes the RS-109 Notice of Retirement form. Your retirement cannot be finalized and may be delayed if PERSI does not receive this notification by the 15th of the month prior to your retirement date.
- Also have your payroll clerk provide PERSI the assigned dollar value of your unused sick leave entitlement.
- If you have NCPERS Insurance, check with your payroll clerk about continuing this after retirement.



Final Step:

Enjoy your well-earned retirement!



DID YOU KNOW?

- It is best to retire on or after the 15th of the month. That way your health insurance will cover you for not only the current month but the following month as well.
- If eligible, one half of your accrued sick leave, up to a maximum of 600 hours, is converted to an assigned value based on your current hourly rate of pay and can be used to pay for your retiree group medical insurance or Medicare supplement premiums until it is exhausted.
- Your accrued vacation leave can be:
 - Cashed out on your final paycheck, with a possible higher deduction taken for taxes;
 - Rolled over to your 401(k) and withdrawn as early as age 59 ½; or
 - If approved by your agency, you can exhaust your vacation leave leading up to your retirement.
- State and Federal taxes are typically the only deductions taken on your monthly retirement. PERSI cannot calculate the taxes for you but you can calculate your taxes by visiting <http://www.paycheckcity.com/>
- Working for a state agency after retirement is possible but caveats and restrictions specific to your own situation will apply. Among other things, if you have not reached service retirement age, there is a required 90-day gap between your retirement date and when you return to work for a state agency. There also must be no implied or explicit promise of re-employment before or during those 90 days. You must work fewer than 20 hours a week, or fewer than 5 months in order to avoid impacting your PERSI benefits. Make sure you have met with a PERSI representative regarding the specific requirements that would impact you. Ensure you fully understand the associated laws before returning to work. Read the PERSI brochure:
<http://www.persi.idaho.gov/documents/Working after retirement.pdf>.